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April 12, 2011

Via _____

Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

RE: Ex Parte No. 705, Competition in the Railroad Industry

Dear Ms. Brown:

The Texas Municipal Power Agency ("TMPA") hereby submits this letter in response to the Notice issued by the Surface Transportation Board ("Board") in this docket on January 11, 2011. In the Notice, the Board invited comments and scheduled a public hearing to address "the current state of competition in the railroad industry and possible policy alternatives to facilitate more competition, where appropriate." Notice at 1.

As the Board is well-aware, TMPA is a major purchaser of rail transportation for the shipment of coal to TMPA's Gibbons Creek Steam Electric Station near Iola, Texas. TMPA's experience in procuring transportation reveals an ever-increasing lack of competition in the rail industry. In fact, as the Board is aware, TMPA expended significant amounts of effort and money to prosecute a rate case in which the STB found BNSF Railway Company's ("BNSF") rates unreasonable over a 20-year analysis period. Now, only 10 years into the case analysis and prescription period, BNSF is unilaterally attempting to raise TMPA's rates. In addition to the base rate increase that BNSF is trying to impose, BNSF is also attempting to impose a fuel surcharge, coal dust suppression costs and potentially increased demurrage charges that were already considered in the rate case analysis.

The lack of competition has resulted in substandard rail service to Gibbons Creek and will result in dramatically increased costs for TMPA's operations at the end of the 20-year rate case and earlier if the Board does not enforce the rate case decision. More broadly, this lack of competition harms business productivity and American competitiveness in the world economy. TMPA believes the Board can and should do more to ensure that competition occurs in the rail industry. In particular, the Board should revise the Bottleneck Rules and expand the availability of reciprocal switching. Although these actions would not guarantee competition, they would make competition more likely and, therefore, fulfill the Board's mandate to ensure that, "to the maximum extent possible," competition determines rates for transportation by rail. 49 USC § 10101(1)

In conclusion, TMPA commends the Board for beginning this proceeding and thanks the Board for this opportunity to provide TMPA's view on the need for more competition in the rail industry.

Sincerely,

Gary Parsons

cc: Sandra Brown

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